

## Message Text

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ACTION ARA-20

INFO OCT-01 ISO-00 AEC-11 AID-20 CEA-02 CIAE-00 CIEP-02

COME-00 DODE-00 EB-11 FEA-02 FPC-01 H-03 INR-10

INT-08 L-03 NSAE-00 NSC-07 OMB-01 PM-07 RSC-01 SAM-01

SCI-06 SP-03 SS-20 STR-08 TRSE-00 IO-14 PA-04 PRS-01

USIA-15 DRC-01 /183 W

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R 141952Z MAY 74

FM AMEMBASSY CARACAS

TO SECSTATE WASHDC 3803

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EO 11652: NA

TAGS: EMIN ENRG VE

SUBJECT: TIMING OF REVERSION

1. ACCORDING TO A KEY OFFICIAL OF VENEZUELAN MINISTRY OF MINES AND HYDROCARBONS, NATIONALIZATION OF IRON ORE INDUSTRY WILL OCCUR PRIOR TO REVERSION OF PETROLEUM CONCESSIONS. IF THIS INFORMATION IS CORRECT, NATIONALIZATION OF IRON ORE INDUSTRY WOULD PROBABLY TAKE PLACE THIS YEAR PRIOR TO SUBMISSION OF REPORT OF SPECIAL COMMITTEE ON PETROLEUM REVERSION.

2. THERE IS SOME SPECULATION IN KNOWLEDGEABLE CIRCLES HERE THAT VENEZUELAN GOVERNMENT INTENDS TO USE IRON INDUSTRY NATIONALIZATION AS A KIND OF "TRIAL BALLOON" FOR MORE IMPORTANT STEP OF PETROLEUM REVERSION. ACCORDING TO THIS SPECULATION, GOVERNMENT WOULD TEST PUBLIC AND CONGRESSIONAL REACTION TO AMODERATE FORM OF NATIONALIZATION THAT WOULD GIVE TO STATE OVERALL OWNERSHIP AND CONTROL OF ASSETS BUT WOULD LEAVE COMPANY MANAGEMENT WITH IMPORTANT ROLE IN ADMINISTERING INDUSTRY AND WITH MAJOR OR EXCLUSIVE ROLE IN EXPORTING PRODUCT. SUCH AN APPROACH WOULD HAVE OBVIOUS ADVANTAGES, BUT THERE WOULD ALSO SEEM TO BE A DANGER THAT IT COULD BACKFIRE. SMALL

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LEFTISTS PARTIES, AND PROBABLY ALSO MAIN OPPOSITION PARTY (COPEI),

CAN BE EXPECTED TO DO THEIR UTMOST TO STIR UP PUBLIC REACTION AGAINST ANY RESIDUAL ROLE FOR FOREIGN CONCESSIONAIRES IN IRON AND PETROLEUM INDUSTRIES. ON OTHER HAND, THERE DOES NOT SEEM TO BE VERY INTENSE PUBLIC INTEREST IN DETAILS OF NATIONALIZATION AND EXTREMIST GROUPS MAY FIND IT DIFFICULT TO STIR UP SENTIMENT AGAINST A MEASURE THAT IN ITS MAIN LINES APPEARS TO BE NATIONALISTIC.

3. AMONG OIL COMPANY OFFICIALS HERE, WHETHER OR NOT THEY BELIEVE THAT IRON NATIONALIZATION PROPOSALS ARE A KIND OF "STALKING HORSE" FOR A NEW TYPE OF JOINT VENTURE ARRANGEMENT, OPTIMISM ABOUT THEIR FUTURE IS INCREASING. WITHOUT REALLY KNOWING WHAT THE CARLOS ANDRES PEREZ GOVERNMENT INTENDS, AND INDEED NO ONE PROBABLY INCLUDING PRESIDENT HIMSELF KNOWS IN DETAIL WHAT IT INTENDS, OIL COMPANY EXECUTIVES ARE MORE AND MORE HOPEFUL THAT THEY AND THEIR COMPANIES WILL BE LEFT WITH SIGNIFICANT ROLE HERE AFTER REVERSION.  
FISHER

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** NATIONALIZATION, IRON, PETROLEUM INDUSTRY, MINING INDUSTRY, ECONOMIC PROGRAMS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 14 MAY 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** martinjw  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
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**Document Unique ID:** 00  
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**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION ARA  
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**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
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**Previous Classification:** LIMITED OFFICIAL USE  
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**Reference:** n/a  
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**Review Authority:** martinjw  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 23 SEP 2002  
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**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** TIMING OF REVERSION  
**TAGS:** EMIN, ENRG, VE  
**To:** STATE  
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